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SUBJECT: NIGERIA: PDP CHAIRMAN SAYS OBASANJO IS THE  
ONLY GENUINE REFORM CANDIDATE

CLASSIFIED BY AMBASSADOR HOWARD F. JETER. REASON:  
1.5(B AND D).

11. (C) SUMMARY: During an October 31 meeting with Ambassador Jeter, PDP National Chairman Audu Ogbeh correctly predicted the impeachment threat against President Obasanjo would soon be resolved. Nevertheless, the dispute had exacerbated North-South tensions. Despite the President's lack of a politician's charm, Ogbeh viewed Obasanjo as the only leader with the fortitude and commitment to reform the economy. Acknowledging the split between Obasanjo and VP Atiku, Ogbeh believed that Atiku had not conclusively decided to run, but was under heavy pressure from his supporters to challenge Obasanjo. Ogbeh planned to talk to Atiku in the next few days to ascertain his intentions and counsel that challenging Obasanjo could be destructive to the party and, possibly, to the nation. Cautiously optimistic, Ogbeh thought that the PDP would remain in tact despite its feuding factions. END SUMMARY.

12. (C) During an October 30 late evening conversation with Ambassador Jeter at the PDP Chairman's residence, a relaxed but reflective Audu Ogbeh predicted the impeachment threat was in its last days. He claimed that many late nights counseling sessions with the House leadership and the President had helped break the impasse. Ogbeh recalled a late evening meeting a few days earlier with House Speaker Na'Abba where the recalcitrant parliamentarian signaled his willingness to bury the impeachment hatchet. Ogbeh had also met several other Northern legislators, warning them the impeachment threat was accentuating North-South antagonism at a time when Nigeria could ill afford extra tension in the political arena. While Obasanjo might not have won the Southwest in the 1999 election, Yorubas saw the impeachment as much as an attack against them as against Obasanjo, Ogbeh explained. They felt the impeachment was an offspring of the same Northern prejudice that annulled the June 1993 election won by a Yoruba, Moshood Abiola. (Comment: On November 1, the impeachment drive came to an anti-climatic end. That day an accord was reached whereby the House agreed to shelve the impeachment threat while the Presidency agreed to fund certain capital projects and suspend some contentious privatization sales. This agreement will be reported in greater detail septel. End Comment.)

13. (C) Viewing impeachment from another angle, Ogbeh contended that perhaps everyone had expected too much of Obasanjo. Here was a man who, as military Head of State, was chief executive, legislature and judiciary merged into one. People correctly praised Obasanjo for handing over to elected civilian government in 1979 because that act signified his respect for democracy. However, it did not mean Obasanjo understood the day to day practice of democracy, posited Ogbeh. It had taken three years, capped by the latest impeachment saga, but Obasanjo now was coming to terms with the limitations of being an elected President.

14. (C) Ogbeh acknowledged that Obasanjo's gruff manner has placed the President at odds with members of the political elite. Nonetheless, he identified Obasanjo as probably the only politician who would implement reforms needed to diversify the economy, address unemployment and make politics less of a zero-sum contest by energizing and expanding the private sector. Currently, most major businesses depend on government contracts for their lifeblood. This situation could not endure, Ogbeh warned. Already over 80 percent of government's budget goes to recurrent expenses, mostly salaries and pensions. Not

enough is devoted to productive, wealth-generating activities. The amount required for recurrent expenses would only grow over time, shrinking the funds that could be devoted to capital projects and needed construction.

15. (C) Ogbeh stressed that Nigeria gained approximately 11 billion dollars annually from oil exports, "4 billion less than the New York City's Fire Department's annual budget." Over the long run, the competition for oil money will become keener due to population growth and the growth in the numbers of businesses. We cannot run a government or a nation as big as Nigeria on a budget smaller than that of a city fire department, he asserted. It would be inimical for the GON to solely rely on oil money as the backbone of the national treasury in the long-term. To escape this predicament, the nation and its people needed to get to work, Ogbeh declared.

16. (C) Ogbeh claimed Obasanjo clearly understood the need for economic growth and wealth creation. Notwithstanding his reputation as a know-it-all, the President was open to ideas for generating income, especially in the agricultural sector. Conversely, the twin concepts of economic reform and wealth creation had escaped most Northern politicians, including Vice President Atiku, Ogbeh contended. Save for a few notable exceptions such as business magnate Aliko Dangote, most Northerners thought that the wealth was cash and they were singularly disinterested in the prosaic drudgery of business development and investment. Recalling a meeting with mostly Northern PDP lawmakers, Ogbeh was ignored as he explained the economic benefits of a cassava project the government wanted to fund. The parliamentarians were bored with talk about investment, agricultural production, export earnings and the like. They only wanted to know whether the project has money in it for them, Ogbeh sadly recounted.

17. (C) Instead of investing in the productive economy, Northerners would rather amass cash to engage in conspicuous consumption. Because they spend money at a handsome clip, the need to refill their pocketbooks was incessant, continued Ogbeh. This cycle of consumption and spending lent itself to a dependency on government patronage and other loose practices to extract money quickly from the public weal. Obasanjo's attempt to close the spigot, reducing the generous flow of public funds into unproductive and undeserving private hands, threatened the way these Northern politicians maintained both influence and affluence, the PDP Chairman asserted. This reality underlies much of the opposition to Obasanjo. Consequently, many in the political elite would rejoice if Obasanjo were replaced by a practitioner of politics-as-usual such as VP Atiku, Ogbeh believed. However, the masses would suffer more than they now do because Atiku's commitment to economic reform was questionable. Since he views Obasanjo as the only candidate sufficiently wedded to transforming the economy, Ogbeh suggested he might resign should Obasanjo not return as the PDP standard-bearer.

18. (C) The PDP Chairman thought Atiku would challenge Obasanjo for the PDP nomination. He also understood an Obasanjo-Atiku tussle would severely test party cohesion and exacerbate regional tensions within and outside the party. Atiku was under intense pressure to run, Ogbeh observed. This pressure might be causing Atiku to overestimate his strength within the party. Atiku thought he had the Southeast's support, but three of the five governors in that zone supported Obasanjo, according to the Chairman. Moreover, Atiku's support in his own Northeastern region was not deep. Atiku may get support from the Tivs in Benue State who continue to seethe over the October 2001 killings in Zaki Biam and blame Obasanjo; however, Atiku could not assume the entire Middle Belt had moved into his corner. Atiku would have to write off the Southwest, albeit that region might not be critical. The Southwest will not produce many convention delegates because the rival Alliance for Democracy political party controlled Yorubaland although it was Obasanjo's own ethnic backyard.

19. (C) However, Obasanjo recently gained support in the South-South because of his sponsorship of the recent resource allocation bill restoring to that area revenues previously jeopardized as a result of a

Supreme Court decision earlier this year. Furthermore, Ogbah contended that many people would view Atiku's challenge to Obasanjo as crass betrayal. They would not want to reward him for attempting to supplant his boss and, in doing so, setting a sad precedent for Nigeria's new democracy. Perhaps, most importantly, Atiku could not count on the Northwest.

10. (C) Ogbah subscribed to the idea that key players in the Northwest were cynically spurring Atiku's candidacy in an attempt to ruin him politically. It was possibly that a trap, to be sprung by Atiku's own ambition, was being set. Many of Atiku's ersatz supporters were bona fide Babangida men, detected Ogbah. The former Head of State and his minions wanted to draw Atiku into the open field then scuttle his drive for the PDP nomination. Babangida hoped to eliminate Atiku presently and not contend with an Atiku in 2007 who would be much stronger after amassing four additional years of clout and resources as the Vice President. If Atiku managed to capture the PDP nomination, Ogbah thought Babangida would then enter the race as a candidate of one or an alliance of the opposition parties. In addition to undermining the chance for progress on economic and governmental reform, a presidential contest reduced to these two Northerners after only four years of Southern rule would spark resentment in the South, Ogbah maintained.

11. (C) Ogbah noted that Atiku would have to resign if he broke from Obasanjo. The resignation would give Atiku more freedom to campaign, but he would also risk losing relevance during the next few months. Atiku had to realize that much of his influence derived from his position; once the position was gone, some influence and status would vanish with it. Moreover, Atiku should expect Obasanjo and his new Vice President to concentrate on dismantling Atiku's machinery and support within the GON. The power of incumbency would no longer be his; instead, it would be used against him.

12. (C) Because he thought Atiku's candidacy would be unwise, Ogbah indicated he might seek a private meeting with the VP to present his concerns about Atiku running at this time.

13. (C) Despite the internecine wrestling within the PDP, Ogbah was confident the party would remain the majority party provided it could patch some of its differences and that the presidential race did not become a genuine donnybrook. He saw the AD and ANPP as weak and wracked by their fair share of internal discord. The NPD and UNPP he described as artificial parties waiting on Babangida to decide what he and they should do.

14. (C) Ogbah also discounted the recent clamor to amend the constitution to provide for single five-year terms for the president and state governors. While this fix might reduce some of the current tension, its passage was unlikely. Even if adopted by the National Assembly, most State Governors opposed it and would not pressure their State Assemblies not to pass it. (Without the concurrence of 24 State Houses, the measure will die.) For Ogbah, the real problem was not the term of office but more the commitment to good governance of politicians. A politician faced with one term could use the five years to enrich himself, knowing he could not run again and thus did not have to worry about his image with the electorate. Moreover, changing hands and, possibly, policy direction every five years would undermine the continuity that Nigeria's political system needed at this juncture.

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COMMENT  
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15. (C) Ogbah is astute and, as PDP Chairman, realizes he is in the middle of a brewing storm unless the President and Vice President mend fences. Odds favor continued discord and an Atiku challenge for the PDP nomination. Ogbah knows that a hard-fought Atiku-Obasanjo contest can fragment the party. Even if the party remained intact, such a contest will likely leave the President and the VP as bitter enemies who would continue to work against one another after the

PDP nomination was decided. Ogbeh holds economic growth as the key to Nigeria's stability and future. He might have stretched a bit in stating that Obasanjo was the only reform-minded one among the major players but Ogbeh is generally frank; we think he believed what he said. Thus, he sees the upcoming election as an implicit referendum on reform. Should Obasanjo eke out victory, Nigeria will continue along this path, albeit probably at its own halting pace. If Atiku, Babangida or someone from the den of Nigeria's traditional political elite captures national power, economic and governmental reform will take a distant back seat to the return of business and politics as usual.

ANDREWS